Breakout Session: Performance of Hotels with Spas vs. Without Spas
Tuesday, May 22nd
9:00AM – 9:30AM
Empire Room

Scribe: Mariana Pires and Fransisco Cunha

Presenter: **Jan D. Freitag,** Vice President, Smith Travel Research, Tennessee

Smith Travel Research (STR) is the premier provider of hotel benchmarking data to the US and global hotel industry. Each week and month almost every chain affiliated hotel shares performance metrics with STR. The three numbers used to build reports are: rooms available, rooms sold, and rooms revenue. Based on this STR calculates ADR, Occupancy, and RevPAR (Revenue per Available Room) which are then used to provide metrics back to industry decision makers.

Key Points of the presentation were:

Luxury Hotels w/ Spas:

- Hotels with spas are predominantly in resort locations, in hotels with over 500 rooms with either a luxury or no chain affiliation.
- Luxury hotels with spas enjoy a significant rate premium over hotels without spas. The causal relationship is still in question. Do hotels charge higher rates because they operate a spa? Or do more expensive hotels simply need a spa to justify the higher rate? More research is needed.
- Luxury hotels with spas outperform the consumer price index (CPI) when compared to rates in the year 2000, whereas luxury hotels without spas still lag the CPI
- Luxury hotels with spas show higher occupancies on the four day period Friday – Monday. This fits with Peter Yesawich's comment on the dominance of 4 day "mini vacations"

Spa Performance metrics:
Jan suggested similar performance tracking for Spas and to collect:

- Percent utilization
- Revenue per treatment
- Revenue per treatment room

Equally important is to track performance over time

Lastly Jan asked: Does this make sense? There are probably other metrics that are used to make people accountable.

The most important differentiation is to determine if what is interesting will help us make money. Are the benchmarks actionable?